

PART 3

**2003 HOME PROGRAM
ANNUAL PERFORMANCE REPORT**

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Low-Income Housing Developers in Washington State

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INTRODUCTION

This Annual Performance Report summarizes the progress made in Washington State's HOME Program during the performance period of January 1, 2003 to December 31, 2003.

Eligible activities included acquisition, moderate and substantial rehabilitation, new construction, minor home repair and tenant-based rental assistance. Many of the HOME Program projects reached well beyond our goal of serving families at or below 50 percent of the area median income and served those households at or below 30 percent.

CONSOLIDATED PLAN

The Department of Community, Trade and Economic Development (CTED) made tremendous strides in fulfilling the overall strategy, objectives and priorities of the state Consolidated Plan.

The successful implementation of the Consolidated Plan is due to a number of key factors. One major factor is that CTED has been successful in establishing, nurturing, and solidifying professional working relationships with local community-based organizations, representing the many different facets of the housing arena. This includes private lenders, realtors, nonprofit and other government agencies.

As stated in the Consolidated Plan, one of the primary objectives is to significantly increase the quantity and quality of affordable housing for that segment of the population most in need. This goal is being accomplished by targeting HOME and state funds to households at or below 50 percent of the area median income. As noted in the introduction, many households served are well below 30 percent of the area median income level.

ANALYSIS OF FUND DISTRIBUTION

Over \$80 million has been awarded to projects for activities identified in the state's HOME program description since the HOME Program began in Washington State. Of that \$80 million, approximately \$8 million was awarded during this performance period. Eligible activities include home repair and rehabilitation, tenant-based rental assistance, moderate and substantial rehabilitation, and new construction. Many of these projects have made substantial progress toward completion. The following information summarizes the activities by the state's HOME Program during the performance period and discusses the relationship of each activity with the State's Consolidated Plan.

TENANT-BASED RENTAL ASSISTANCE (TBRA)

Performance Period Awards: \$2,847,119
Projected Households Served: 680

Funds were awarded to fourteen agencies to provide tenant-based rental assistance during the reporting period. Eligible applicants include agencies that do not receive TBRA funding directly from HUD. The client-targeted groups now include foster children ages 18-20 who are transitioning to independence; chronically mentally ill, developmental disabled, or other special needs populations; farm workers who are seeking permanent year round rental housing; households transitioning to self sufficiency; homeless families with children; and pregnant or parenting youth. These activities are aligned with the state's Five Year Strategy by helping households retain existing housing or find housing which is safe, decent and affordable.

655 households were assisted during the fiscal year and an additional 300 will be assisted with 2003 funds.

Fair housing is an eligible activity for funding under the TBRA rules adopted by CTED. Compliance with fair housing requirements and definitions and use of the Fair Housing Logo are program requirements and are included in the monitoring instrument used by CTED to monitor program activities.

HOME REPAIR AND REHABILITATION PROGRAM (HRRP)

Performance Period Awards: \$2,834,614
Projected Households Served: 208

The funds were allocated to 16 agencies that have existing weatherization programs. In awarding funds, preference was given to rural areas. The goal of the HRRP is to meet the needs of low-income clients in the most cost-effective manner by performing repairs while doing residential retrofits. Complete weatherization must be done in addition to the repair and total repair cost per unit cannot exceed \$25,000. The Home Repair and Rehabilitation Program continues to meet the needs identified in the state's Consolidated Plan by assisting very low-income homeowners retain their housing through home repair, rehabilitation and weatherization, and preserving existing housing stock.

NEW CONSTRUCTION

Performance Period Awards:

Rental Housing: \$280,000

Homeownership: None

Projected Households Served: 14

The awards for new construction projects during this performance period include funding from multiple fiscal years. The construction of new affordable rental continues to be a significant aspect of the state's HOME Program. The creation of new affordable housing stock enables populations who are not well-served by the present housing stock, including large families, single non-elderly, frail elderly and others to access affordable housing.

MODERATE AND SUBSTANTIAL REHABILITATION/ACQUISITION

Performance Period Awards:

Substantial Rehabilitation/Moderate Rehabilitation: \$2,199,769

Acquisition: \$222,000

Projected Households Served: 128

The awards for moderate and substantial rehabilitation and acquisition projects made during this performance period include funding from multiple fiscal years. The substantial rehabilitation and acquisition of existing affordable housing stock and vacant buildings, where feasible, increases the local capacity to house its populations in safe, decent and affordable housing. Washington State requires a long-term commitment to affordability in these housing units. These activities are consistent with the state's strategy to develop the availability and affordability of housing for renter households earning less than 50 percent of area median income.

PRIVATE SECTOR PARTICIPATION

The success of the state's HOME Program depends upon the network that has been established with the private sector. This network is not only a mechanism to exchange vital information pertaining to the affordable housing market and the delivery of service to that market, but also a financial resource to leverage state and federal funds.

CTED continues to collaborate with the Building Industry Association of Washington, Washington Association of Businesses, Washington Association of Realtors, Washington State Housing Finance Commission, Mortgage Bankers Association, Housing Energy Efficiency Policy Advisory Council, Washington Apartment Association, and many other private organizations to address issues affecting the

affordable housing market. The Washington State Housing Policy Act (43.185B RCW) addresses a broad range of elements, each of which can impact the production of affordable housing. The primary goal of the Act is to coordinate, encourage, and direct, when necessary, the efforts of the public and private sectors in the attainment of safe and decent housing for every resident of the state. To help achieve the objectives of the Act, the Governor appointed an Affordable Housing Advisory Board (AHAB). The 21-member Board has representatives from home mortgage lenders, residential construction, real estate, apartment management and operation, for-profit and non-profit developers, special needs populations, public housing authorities, homeless shelter operators, and representatives from state, county and city government.

The ongoing activities of the AHAB have made an impact on the issues that impede the production of affordable housing. The AHAB brings representatives of the major sectors within the housing industry together with advocates for affordable housing to determine optimum ways of meeting the state's goals regarding affordable housing.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDO)

Performance Period Awards: \$1,070,938

Projected Households Served: 24

These funds were awarded to one organization to complete a rehabilitation project during this performance period. CTED will continue to ensure that the 15% CHDO set-aside requirement is met for each FFY allocation of HOME Program funds. Historically, CTED meets or exceeds this requirement. During this reporting period 19 percent of the total HOME awards were awards to CHDO's.

AFFIRMATIVE MARKETING

All recipients of HOME funds activate their affirmative marketing policies prior to the initiation of HOME funded projects. CTED requires that every recipient of HOME funds take specific actions to provide information and attract eligible persons from all racial, ethnic and gender groups in the housing market. Contractual language requires that each recipient of HOME Program funds use affirmative marketing practices in soliciting renters and buyers who participate in the program.

The following procedures are used for all HOME-assisted units throughout the compliance period:

1. Project sponsor advertising of vacant units must include the equal housing opportunity logo or statement. Advertising media may include, but is not limited to, newspaper, radio, television, brochures, leaflets, or a sign displayed in a window.
2. The project sponsor will be required to solicit applications for the vacant units from persons in the housing markets who are least likely to apply for HOME-assisted housing without benefit of special outreach efforts, including placing advertising in minority-specific media.
3. The project sponsor must maintain a file containing all marketing efforts (i.e., copies of newspaper ads, memos of phone calls, copies of letter, etc.) The records, which help assess the results of these actions, must be available for inspection by CTED.
4. The project sponsor shall maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.

MINORITY OUTREACH

All CTED contractors are required by contract to make a good faith effort to solicit bids from minority (MBE) and women (WBE) owned businesses enterprises. Applicants for HOME Program funds are required to describe the efforts they would make to encourage participation by MBE's and WBE's prior to receiving HOME funds and, once funded, are contractually obligated to make a reasonable effort to solicit bids from MBE's and WBE's. Contractors solicited bids using newspaper ads and direct mailings.

CTED contractors have had limited success obtaining bids and contracting with both MBE's and WBE's in many areas of the state. Some areas of the state have no local MBE's or WBE's. In other areas, MBE's and WBE's are simply not interested in contracting for work of this nature. In an effort to improve performance in the use of MBE's and WBE's for future contracts, contractors will continue to advertise in women and minority media which are distributed statewide, as well as general circulation publications, and to contact both local and non-local MBE's and WBE's directly to determine their interest in receiving future bid requests. Details concerning the impact of CTED's MBE and WBE outreach efforts are noted on the attached report form.

TENANT RELOCATION ASSISTANCE

CTED discourages the displacement of low-income tenants in HOME-funded projects. Applicants are encouraged to develop projects, which minimize the displacement of low-income tenants, including the development of new construction projects to increase the number of available low-income housing units.

Tenants are surveyed by applicants early in the development of HOME funded projects to identify the need for relocation assistance. Tenants are surveyed upon receipt of site control for a project, during construction and upon completion of the project to determine their need for relocation assistance.

Tenants are identified as non-displaced, temporarily relocated, or displaced. Persons needing temporary relocation assistance include those moved within a project, or off-site temporarily, during a project. Those persons identified as displaced will receive relocation assistance as noted in the Uniform Relocation Act (URA) or 104(d) requirements, as applicable.

Notices will be distributed by recipients of HOME funds to all tenants of HOME-assisted housing units. The general information notice will be distributed after receipt of site control for the project. Notices of eligibility for relocation assistance or non-displacement will be distributed after closing on the property.

During the FFY 2003 performance period eighteen households were temporarily relocated, but no households were displaced.

SHORTFALL FUNDS

There was no shortfall of funds in the reporting period.